

Message Text

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ACTION ARA-06

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FM AMEMBASSY CARACAS

TO AMEMBASSY LIMA

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C O N F I D E N T I A L CARACAS 2343

LIMDIS

E.O. 11652: GDS

TAGS: EFIN, ENRG, PFOR, VE, PE, EC

SUBJECT: PERUVIAN FINANCE MINISTER VISITS CARACAS

REF: A. LIMA 1199, B. 75 LIMA 4044

1. THE ONLY PUBLIC INDICATION OF OUTCOME PERUVIAN FINANCE MINISTER BARUA'S CARACAS MISSION WAS A STATEMENT TO THE PRESS BY PETROVEN VICE PRESIDENT ARREAZA, PUBLISHED FEBRUARY 12, THAT NO SALES OF VENEZUELAN OIL DEVELOPED AS A RESULT OF THE VISIT.
2. PETROVEN COORDINATOR OF EXPORT SALES TOLD US THAT VENEZUELA IS SHIPPING ONLY 10,000 B/D TO PERU. THIS IS IN LIEU OF THE 20,000 B/D CALLED FOR UNDER THE ORIGINAL AGREEMENT DESCRIBED IN REF B. CVP PRESIDENT JUAN CHACIN CONFIRMED THAT HIS COMPANY IS ONLY COMMITTED TO SHIP THE 10,000 B/D. HE ADDED THAT TO BEST OF HIS KNOWLEDGE THERE HAVE BEEN NO 1976 SHIPMENTS, BUT PROMISED TO CHECK THIS OUT.
3. CHACIN TOLD PETROLEUM ATTACHE THAT PERU IS RECEIVING OIL FROM ECUADOR SUPPLIED BY THE VENEZUELAN OIL BROKERAGE FIRM HIDECA. HIDECA IS OWNED BY THE LOCALLY WELL-KNOWN TUDELA FAMILY. CHACIN DESCRIBED THE HIDECA CONNECTION AS FOLLOWS: HIDECA

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SUPPLIES AN UNSPECIFIED LARGE QUANTITY OF MIDDLE EASTERN CRUDE

TO SHELL'S CURACAO REFINERY. IN RETURN, SHELL DELIVERS 30,000 B/D OF A CRUDE "COCKTAIL" TO HIDECA IN ECUADOR. HIDECA EXCHANGES THIS OIL FOR ECUADORAN CRUDE AT THE AGREED RATE OF ONE BARREL OF COCKTAIL FOR 1.407 BARRELS OF ECUADORAN CRUDE. HIDECA THEN SELLS PERU APPROXIMATELY 20,000 B/D OF THE ECUADORAN CRUDE, WHICH CHACIN CALCULATES COSTS HIDECA ABOUT \$9.50 PER BARREL UNDER THE SWAP ARRANGEMENT.

4. COMMENT - RAFAEL TUDELA, THE OLDER BROTHER SENIOR PARTNER IN HIDECA, IS BOTH POLITICALLY AND SOCIALLY PROMINENT IN VENEZUELA. HE IS A SUCCESSFUL BUSINESSMAN AND SENATOR, LISTED AS INDEPENDENT IN THE CONGRESS. PETROVEN HAS DECLINED TO SELL HIM ANY OIL SINCE NATIONALIZATION ALTHOUGH HE HAS ATTEMPTED TO BUY 200,000 B/D. THE FACT THAT HE HAS THE ARRANGEMENT WITH ECUADOR MAY HAVE CONVENIENTLY TAKEN CVP OFF THE HOOK. CVP WAS FORCED TO START UP PRODUCTION IN AN EASTERN OIL FIELD THAT HAD BEEN SHUT IN FOR LACK OF GAS CONSERVATION FACILITIES IN ORDER TO SUPPLY THE TYPE OF CRUDE REQUIRED BY PERU, AND THEREBY COMPLY WITH A HASTY COMMITMENT MADE BY PRESIDENT PEREZ WHEN HE VISITED PERU IN 1974. END COMMENT.
SHLAUDEOMAN

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